



Instr: 201012090049651
P: 1 of 2 F: \$32.00 12/09/2009
Rick Campbell 9:44AM LEAS
Stark County Recorder T20100041179

Instr: 200904230015634
P: 1 of 2 F: \$28.00 04/23/2009
Rick Campbell 12:06PM LEAS
Stark County Recorder T20090012099

OIL AND GAS LEASE

aka Campbell Bros., Inc.,
an Ohio Corporation

This Lease, made and entered into this 26th day of March, 2009, by and between Campbell Brothers Inc., of 3821 Union Avenue SE, Homeworth, OH 44634, hereinafter called the Lessor, and C&T Energy of East Canton Inc., of 4485 Ravenna Avenue SE, East Canton, OH 44730 hereinafter called the Lessee.

1. That the Lessor, for and in consideration of One Dollar (\$1.00) and other valuable considerations in hand paid by the Lessee, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, does hereby lease and let exclusively unto the Lessee, for the purpose of drilling, operating for, producing and removing oil and gas and all the constituents thereof, and to transport across and through said lands oil, gas and their constituents from the subject lands, and of placing tanks, equipment and structures thereon to procure and operate for the said products, and laying pipe lines thereover to transport the same, all that certain tract of land situated in, Section 26 of the Township of Washington, County of Stark, State of Ohio, containing 44.08 acres, more or less, being all of the land owned by Lessor in said section or adjoining said tract, bounded substantially as follows:

North by lands of	<u>Merryman</u>
East by lands of	<u>Various Small Parcels from Wilson on NE to Andrie on SE</u>
South by lands of	<u>Laker, Kempthorne, Ream</u>
West by lands of	<u>Ream, Boyce</u>

Parcel Number: 7502360

2. No well shall be drilled within 200 feet of the present buildings unless the Lessor consents thereto. In addition, it is a condition hereof that prior to the commencement of operations, Lessee shall obtain from Lessor approval for the location of any well to be drilled on the leased premises as well as the access road to such location and if said well results in production, Lessee shall in a like manner obtain from Lessor approval for the locations of any pipelines, storage tanks and/or production facilities.

3. This lease shall continue in full force and the rights granted here under be quietly enjoyed by the Lessee for a term of three (3) years and so much longer thereafter as oil and gas or their constituents shall be found on the premises in paying quantities in the judgment of the Lessee or as the premises shall be operated by the Lessee in the search for oil and gas.

4. In consideration of the premises the Lessee covenants and agrees: (A) To deliver to the credit of the Lessor in tanks or pipe lines, as royalty, free of cost, the equal one eighth (1/8) part of all oil produced and saved from the premises, or at Lessee's option to pay Lessor the Market price for such one eighth (1/8) royalty oil at the published rate for oil of like grade and gravity prevailing on the date such oil is run into tanks or pipe lines. In either case the Lessor to pay his royalty share of any expense, in any, for treating the oil from any well to make it marketable as crude; (B) To pay to the Lessor, as royalty for the gas marketed and used off the premises and produced from each well drilled thereon, the sum of one eighth (1/8) of field market price paid to Lessee per thousand cubic feet of such gas so marketed and used, measured in accordance with Boyle's Law for the measurement of gas at varying pressures, on the basis of 10 ounces above 14.4 pounds atmospheric pressure, at a standard base temperature of 60° Fahrenheit and stipulated flowing temperature of 60° Fahrenheit, without allowance for temperature and barometric variations; payments of royalty for gas marketed during any calendar month to be on or about the 30th day of the following month; (C) Lessee to deduct from payments in (A) and (B) above Lessor's prorate share of the Ohio severance (excise) tax and all other taxes imposed by and duly constituted governmental body, including, but not limited to, Windfall Profits Tax.

5. If operations for a well are not commenced on the premises within two (2) months from the date of this lease, this lease shall terminate as to both parties unless Lessee on or before that date shall pay or tender to the Lessor the sum of Four Hundred Forty (\$440.00) Annually which shall operate as a rental and cover the privilege of deferring the commencement of operation for a well for twelve (12) months from said date. Such rentals may, at the option of Lessee, be paid quarterly or annually. In like manner and upon like payments or tenders, the commencement of operations for a well may be further deferred for periods of the same number of months within the primary term of this lease. This and all other payments due under this lease shall be paid or tendered to the Lessor by check made payable to the order of and mailed to Campbell Brothers Inc., of 3821 Union Avenue NE, Homeworth OH 44634, and the said named persons shall continue as Lessor's agent to receive any and all sums payable under this lease regardless of changes in ownership in the premises, or in the oil or gas or their constituents, or in the rentals or royalties accruing hereunder until delivery to the Lessee of notices of change of ownership as hereinafter provided. This lease shall not terminate for failure to pay said rentals unless Lessor gives Lessee or his assigns written notice of said failure and the rental due is not paid within ten days of the receipt of said notice by Lessee.

6. The Lessor may lay a pipeline to any one well on the premises and take gas, as available, from said well for use in one dwelling house. The taking and use of such gas to be at Lessor's sole risk and subject to the use and right of abandonment of the well by Lessee. The Lessor is entitled to use a maximum of 200,000 standard cubic feet of gas each year free of cost, but all gas in excess of 200,000 standard cubic feet taken in each year shall be paid for at the well head rate, paid to Lessee on the leased premises. The Lessee shall provide a valve at or near the well head for the connecting point and the Lessor shall, from said connecting point, obtain all necessary easements, lay and maintain the pipeline, regulators, meters and all other necessary equipment. This privilege is upon the condition that the Lessor shall subscribe to and be bound by the reasonable rules and regulations of the Lessee relating to the use of free gas and Lessor shall maintain the said pipeline, regulators, and equipment in good repair and free of all gas leaks and operate the same so as not to cause waste or unnecessary leaks of gas. Lessor acknowledges being advised that the Lessee cannot guarantee an uninterrupted supply of such gas and being advised, further, as to the risks inherent in the taking of gas in this manner. The Lessor agrees to assume all such risks whether same be caused by Lessor's lines and equipment or whether same be caused by Lessee's equipment or well operations and Lessor agrees to hold Lessee, the well operator (including agents of the operator) and all parties in interest in any well on the leased premises harmless from any claims of any nature whatsoever which may arise from the usage of gas from any such well by Lessor, his heirs, executors, administrators and assigns. It is understood by Lessor and/or his assigns, that an essential element of this right to free gas is the assumption by Lessor of all liability associated with the granting of such right. Lessor further agrees that upon sale or transfer of the leased premises or in any circumstance wherein someone other than the Lessor named herein is entitled to or is utilizing gas pursuant to this Paragraph, it is understood and agreed that the gas supply will be terminated by Lessee until the occupant of the dwelling executes an agreement regarding the usage of the gas expressing the same intent and under the same conditions as set forth herein. In the absence of such agreement, free gas under this provision shall terminate, it being understood that the right to free gas is not assignable without the written consent of the Lessee.

7. In the event a well drilled hereunder is a dry hole and is plugged according to the law, this lease shall become null and void and all rights of either party hereunder shall cease and terminate unless within twelve (12) months from the date of the completion of the plugging of such well the Lessee shall commence another well or unless the Lessee resumes the payment of delay rental as hereinabove provided.

8. In the event a well drilled hereunder is a producing well and the Lessee is unable to market the production therefrom or should production cease from a producing well drilled on the premises, the Lessee agrees to pay the Lessor, commencing on the date one year from the completion of such producing well or the cessation of production, a well rental in lieu of royalty in the amount of Sixty Dollars (\$60.00) annually until production is marketed and sold off the premises or such well is plugged and abandoned according to law.

9. The consideration and royalties paid and to be paid as herein provided, are and will be accepted by the Lessor as adequate and full consideration for all the rights herein granted to the Lessee and further right of drilling or not drilling on the leased premises, whether to offset producing wells on adjacent or adjoining lands or otherwise, as the Lessee may elect.

10. The Lessor hereby grants to the Lessee the right to consolidate the leased premises or any part thereof with other lands to form an oil and gas development unit of not more than Eighty (80) acres, plus a tolerance not to exceed ten percent (10%) thereof, for the purpose of drilling a well thereon. Any well drilled on said development unit, whether or not located on the leased premises, shall nevertheless be deemed to be located upon the leased premises within the meaning and for purposes of all the provisions and covenants of this lease to the same effect as if all the lands comprising said unit were described in the subject to this lease; provided, however, that only the owner of the lands on which a well is located may take gas for use in one building on such owner's lands in accordance with the provisions of this lease, and provided further that the Lessor agrees to accept, in lieu of the one eighth (1/8) oil and gas royalty hereinbefore provided, the proportion of such one eighth (1/8) royalty which the acreage consolidated bears to the total number of acres comprising said development unit. The Lessee shall effect such consolidation by executing a declaration of consolidation with the same formality as this oil and gas lease setting forth the leases or portions thereof consolidated, the royalty distribution and recording the same in the recorder's office at the courthouse in the county in which the leased premises are located and by mailing a copy thereof to the Lessor at the address hereinabove set forth unless the Lessee is furnished with another address.

11. In case the Lessor owns a less interest in the above described premises than the entire and undivided fee simple therein then the royalties and rentals herein provided for shall be paid to the Lessor only in the proportion which such interest bears to the whole and undivided fee. No change of ownership in the leased premises or in the rentals or royalties hereunder shall be binding on the Lessee until after written notice thereof shall be furnished to the Lessee in the form of the original or a copy of the recorded instrument by which said conveyance or assignment was made.

12. If the leased premises is owned by two or more parties, or if the ownership of and interest therein should hereafter be transferred by sale, devise, operation of law, or otherwise, this lease and the lands covered thereby shall, nevertheless, be held, developed and operated as an entirety, provided however, that royalties as to any producing well shall be payable to the owner or owners upon whose respective parcel and the well is located and the drilling or existence of a producing well upon any parcel shall have the same effect of continuing this lease in force as to the entire acreage covered hereby as though the premises has not been divided.

13. The Lessee shall have the right to assign and transfer, as hereinabove set forth the within lease in whole or in part and Lessor waives notice of any assignment or transfer of the within lease. Failure of payment of rental or royalty on any part shall not void this lease as to any other part. Lessor agrees that when and if the within lease is assigned the Lessee herein shall have no further obligations hereunder. The Lessor further grants to the Lessee, for the protection of the Lessee's interest hereunder, the right to pay and satisfy any claim or lien against the Lessor's interest in the premises as herein leased and thereupon to become subrogated to the rights of such claimant or lien holder.

14. The Lessee shall bury, when so requested by the Lessor, all pipe lines used to conduct oil or gas to, on, through and off the premises and pay all damages to growing crops caused by operations under this lease; and, in addition, shall repair, replace, or pay for damages to drain tile and fences resulting from the Lessee's operations hereunder. Said damage, if not mutually agreed upon, shall be ascertained and determined by three disinterested persons, one thereof to be appointed by the Lessor, one by the Lessee, and the third by the two so appointed, and the award of such three persons shall be final and conclusive. Each party shall pay the cost of its arbitrator and shall share equally the cost of the third arbitrator.

15. The Lessee shall have the privilege of using sufficient oil, gas and water for operating on the premises and the right at any time during or after the expiration of this lease to remove all pipe, well casing, machinery, equipment or fixtures placed on the premises. The Lessee shall have the right to surrender this lease or any portion thereof by written notice to the Lessor describing the portion which it elects to surrender, or by returning the lease to the Lessor with the endorsement of surrender thereof, or by recording the surrender or partial surrender of this lease, any of which shall be a full and legal surrender of this lease as to all of the premises or such portion thereof as the surrender shall indicate and a cancellation of all liabilities under the same of each and all parties hereto relating in any way to the portion or all the premises indicated on said surrender, and the land rental hereinbefore set forth shall be reduced in proportion to the acreage surrendered.

16. In the event the Lessee is unable to perform any of the acts to be performed by the Lessee by reason of force majeure including but not limited to acts of God, strikes, riots, and governmental restrictions this lease shall nevertheless remain in full force and effect until the Lessee can perform said act or acts.

17. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing setting out specifically in what respects Lessee has breached this contract. Lessee shall then have thirty (30) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of thirty (30) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligation hereunder.

18. All covenants and conditions between the parties hereto shall extend to their heirs, personal representatives, successors and assigns and the Lessor hereby warrants and agrees to defend the title to the lands herein described. It is mutually agreed that this instrument contains and expresses all of the agreements and understandings of the parties in regard to the subject matter thereof, and no implied covenant, agreement or obligation shall be read into this agreement or imposed upon the parties or either of them.

The undersigned have executed this instrument on the date appearing above.

Lessor(s):

x Rick Campbell
Rick Campbell - for Campbell Brothers Inc.

Campbell Bros., Inc., aka Campbell Brothers Inc.,
by Rick Campbell, its Treasurer

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P: 2 of 2 F: \$28.00 04/23/2009
Rick Campbell 12:06PM LEAS
Stark County Recorder T20090012099

STATE OF OHIO
COUNTY OF STARK

SS:

The foregoing instrument was acknowledged before me this 26th day of March, 2009, by Rick Campbell, officer of the corporation, for Campbell Brother Inc.
The foregoing instrument was acknowledged before me this 8th of December, 2010 by Rick Campbell, Treasurer of Campbell Bros., Inc. aka Campbell Brothers Inc., on behalf of said corporation



DWIGHT SAMMET
Notary Public, State of Ohio
My Commission Expires 06-16-2013

Notary Public

Notary

This Instrument Prepared By: C&T Energy of East Canton, 4485 Ravenna Avenue SE, E. Canton, OH 44730

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